

AMENDED IN SENATE MAY 20, 2009

AMENDED IN SENATE APRIL 29, 2009

**SENATE BILL**

**No. 655**

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**Introduced by Senator Padilla**

February 27, 2009

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An act to amend ~~Sections 345.5 and 348~~ *Section 345.5* of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 655, as amended, Padilla. Independent System Operator: transmission facilities.

~~(1) The~~

*The Public Utilities Act requires the Independent System Operator, a nonprofit public benefit corporation created pursuant to law, to ensure efficient use and reliable operation of the state's electricity transmission grid. The operator is required to manage the transmission grid and related energy markets in a manner consistent with applicable state laws intended to protect the public's health and the environment. The operator is also required to consult and coordinate with state and local agencies to ensure that the operator operates in furtherance of state laws regarding consumer and environmental protection.*

~~This bill would require the Independent System Operator to support and assist in implementing~~ *specify that those state laws regarding consumer and environmental protection include, but are not limited to, the California Renewables Portfolio Standard Program and greenhouse gas emission reduction laws and regulations the California Global Warming Solutions Act of 2006.*

~~(2) The act also requires the operator to adopt various standards for the transmission facilities under its control.~~

~~This bill would additionally require the operator to adopt security standards for those facilities by July 1, 2010.~~

*The bill would require the operator to appear annually before appropriate policy committees of the Legislature to report on the operator's activities. The bill also would declare legislative intent that the operator ensure that the transmission grid is secure from unauthorized intrusion.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) The deployment of smart grid technology creates additional
- 3 opportunities for unauthorized persons or entities to impact the
- 4 transmission grid.
- 5 (b) Because uninterrupted and reliable electric service is a matter
- 6 of public health and safety, and is necessary for the conduct of
- 7 commerce, it is the intent of the Legislature that the Independent
- 8 System Operator take all necessary steps to ensure that the
- 9 transmission grid is secure from intrusion by unauthorized persons
- 10 or entities.
- 11 SEC. 2. Section 345.5 of the Public Utilities Code is amended
- 12 to read:
- 13 345.5. (a) The Independent System Operator, as a nonprofit,
- 14 public benefit corporation, shall conduct its operations consistent
- 15 with applicable state and federal laws and consistent with the
- 16 interests of the people of the state.
- 17 (b) To ensure the reliability of electric service and the health
- 18 and safety of the public, the Independent System Operator shall
- 19 manage the transmission grid and related energy markets in a
- 20 manner that is consistent with all of the following:
- 21 (1) Making the most efficient use of available energy resources.
- 22 For purposes of this section, "available energy resources" include
- 23 energy, capacity, ancillary services, and demand bid into markets
- 24 administered by the Independent System Operator. "Available
- 25 energy resources" do not include a schedule submitted to the
- 26 Independent System Operator by an electrical corporation or a
- 27 local publicly owned electric utility to meet its own customer load.

1 (2) Reducing, to the extent possible, overall economic cost to  
2 the state's consumers.

3 ~~(3) Supporting and assisting in implementation and compliance~~  
4 ~~with the California Renewables Portfolio Standard Program~~  
5 ~~(Article 16 (commencing with Section 399.11)).~~

6 ~~(4) Supporting and assisting in implementation and compliance~~  
7 ~~with greenhouse gas emission reduction laws and regulations;~~  
8 ~~including, but not limited to, the California Global Warming~~  
9 ~~Solutions Act of 2006 (Division 25.5 (commencing with Section~~  
10 ~~38500) of the Health and Safety Code).~~

11 ~~(5)~~

12 (3) Maximizing availability of existing electric generation  
13 resources necessary to meet the needs of the state's electricity  
14 consumers.

15 (c) The Independent System Operator shall do all of the  
16 following:

17 (1) Consult and coordinate with appropriate state and local  
18 agencies to ensure that the Independent System Operator operates  
19 in furtherance of state law regarding consumer and environmental  
20 protection, *including, but not limited to, the California Renewables*  
21 *Portfolio Standard Program (Article 16 (commencing with Section*  
22 *399.11)) and the California Global Warming Solutions Act of 2006*  
23 *(Division 25.5 (commencing with Section 38500) of the Health*  
24 *and Safety Code).*

25 (2) Ensure that the purposes and functions of the Independent  
26 System Operator are consistent with the purposes and functions  
27 of nonprofit, public benefit corporations in the state, including  
28 duties of care and conflict-of-interest standards for officers and  
29 directors of a corporation.

30 (3) Maintain open meeting standards and meeting notice  
31 requirements consistent with the general policies of the  
32 Bagley-Keene Open Meetings Act (Article 9 (commencing with  
33 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of  
34 the Government Code) and affording the public the greatest  
35 possible access, consistent with other duties of the corporation.  
36 The Independent System Operator's Open Meeting Policy, as  
37 adopted on April 23, 1998, and in effect as of May 1, 2002, meets  
38 the requirements of this paragraph. The Independent System  
39 Operator shall maintain a policy that is no less consistent with the

1 Bagley-Keene Open Meetings Act than its policy in effect as of  
2 May 1, 2002.

3 (4) Provide public access to corporate records consistent with  
4 the general policies of the California Public Records Act (Chapter  
5 3.5 (commencing with Section 6250) of Division 7 of Title 1 of  
6 the Government Code) and affording the public the greatest  
7 possible access, consistent with the other duties of the corporation.  
8 The Independent System Operator's Information Availability  
9 Policy, as adopted on October 22, 1998, and in effect as of May  
10 1, 2002, meets the requirements of this paragraph. The Independent  
11 System Operator shall maintain a policy that is no less consistent  
12 with the California Public Records Act than its policy in effect as  
13 of May 1, 2002.

14 (5) *Appear annually before the appropriate policy committees*  
15 *of the Senate and the Assembly to report on the Independent System*  
16 *Operator's activities.*

17 SEC. 3. ~~Section 348 of the Public Utilities Code is amended~~  
18 ~~to read:~~

19 ~~348. (a) (1) The Independent System Operator shall adopt~~  
20 ~~inspection, maintenance, repair, and replacement standards for the~~  
21 ~~transmission facilities under its control no later than September~~  
22 ~~30, 1997. The Independent System Operator shall adopt security~~  
23 ~~standards for the transmission facilities under its control on or~~  
24 ~~before July 1, 2010.~~

25 ~~(2) The standards, which shall be performance or prescriptive~~  
26 ~~standards, or both, as appropriate, for each substantial type of~~  
27 ~~transmission equipment or facility, shall provide for high quality,~~  
28 ~~safe, and reliable service.~~

29 ~~(b) In adopting its standards, the Independent System Operator~~  
30 ~~shall consider: cost, local geography and weather, applicable codes,~~  
31 ~~national electric industry practices, sound engineering judgment,~~  
32 ~~and experience.~~

33 ~~(c) The Independent System Operator shall also adopt standards~~  
34 ~~for reliability, and safety during periods of emergency and disaster.~~

35 ~~(d) The Independent System Operator shall report to the~~  
36 ~~Oversight Board, at such times as the Oversight Board may specify,~~  
37 ~~on the development and implementation of the standards in relation~~  
38 ~~to facilities under the operational control of the Independent System~~  
39 ~~Operator.~~

1     ~~(e) The Independent System Operator shall require each~~  
2     ~~transmission facility owner or operator to report annually on its~~  
3     ~~compliance with the standards. That report shall be made available~~  
4     ~~to the public.~~

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